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CALIFORNIA STATE ALLOCATION BOARD  
PUBLIC MEETING

STATE CAPITOL  
ROOM 4202  
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, JANUARY 22, 2014  
TIME: 4:03 P.M.

Reported By: Mary Clark Transcribing  
4919 H Parkway  
Sacramento, CA 95823-3413  
(916) 428-6439  
marycclark13@comcast.net

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APPEARANCES

MEMBERS OF THE BOARD PRESENT:

ERAINA ORTEGA, Chief Deputy Director, Policy, Department of Finance, designated representative for Michael Cohen, Director, Department of Finance

ESTEBAN ALMANZA, Chief Deputy Director, Department of General Services, designated representative for Fred Klass, Director, Department of General Services

CESAR DIAZ, Appointee of Edmund G. Brown, Jr., Governor of the State of California

KATHLEEN MOORE, Director, School Facilities Planning Division, California Department of Education, designated representative for Tom Torlakson, Superintendent of Public Instruction

SENATOR LONI HANCOCK

SENATOR CAROL LIU

ASSEMBLYMEMBER JOAN BUCHANAN

ASSEMBLYMEMBER CURT HAGMAN

ASSEMBLYMEMBER ADRIN NAZARIAN

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer  
BILL SAVIDGE, Assistant Executive Officer

REPRESENTATIVES OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE OF PUBLIC SCHOOL CONSTRUCTION (OPSC) PRESENT:

LISA SILVERMAN, Executive Officer  
JUAN MIRELES, Deputy Executive Officer

REPRESENTATIVE OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE OF LEGAL SERVICES PRESENT:

JONETTE BANZON, Staff Counsel

P R O C E E D I N G S

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CHAIRPERSON ORTEGA: Good afternoon, everyone.

4

I'd like to call the State Allocation Board meeting to

5

order. Call the roll.

6

MS. JONES: Senator Hancock.

7

Senator Wyland.

8

Senator Liu.

9

Assemblymember Buchanan.

10

ASSEMBLYMEMBER BUCHANAN: Here.

11

MS. JONES: Assemblymember Hagman.

12

ASSEMBLYMEMBER HAGMAN: Here.

13

MS. JONES: Assemblymember Nazarian.

14

Esteban Almanza.

15

MR. ALMANZA: Here.

16

MS. JONES: Kathleen Moore.

17

MS. MOORE: Here.

18

MS. JONES: Cesar Diaz.

19

MR. DIAZ: Here.

20

MS. JONES: Eraina Ortega.

21

CHAIRPERSON ORTEGA: Here.

22

MS. JONES: We have a quorum.

23

CHAIRPERSON ORTEGA: Great. Let's see. I think

24

the first item is the **Minutes** from the prior meeting.

25

MS. SILVERMAN: The Minutes are ready for your

1 approval.

2 ASSEMBLYMEMBER HAGMAN: Move it.

3 ASSEMBLYMEMBER BUCHANAN: Second.

4 CHAIRPERSON ORTEGA: We have a motion by  
5 Assemblymember Buchanan and a second by Hagman. All those  
6 in favor.

7 (Ayes)

8 CHAIRPERSON ORTEGA: Okay. Item No. 3 is the  
9 **Executive Officer's Statement.**

10 MS. SILVERMAN: Yes. We have four items to share  
11 with you tonight. A few of them are related to the active  
12 fund releases that we have been very active last year and  
13 putting funds out on the streets.

14 So October 14th, 2013, we had the ability to fund  
15 \$285 million. That covers 112 projects. And we had a  
16 90-day deadline in which districts had to submit the  
17 appropriate documentation to our office and that deadline  
18 was January 13th.

19 We're happy to share that 110 projects actually  
20 did execute and came in for those funds and so \$265 million  
21 were released. One project actually did request to rescind  
22 and another project. It was the first occurrence, so  
23 they'll be -- they have a new date in line and so they  
24 dropped to the bottom of the unfunded list with a new date.

25 The second item I wanted to share is the priority

1 in funding filing round. The information that we shared at  
2 the last Board meeting that we had an active round that  
3 actually closed December 12th.

4 With that, we had 107 requests, \$375 million worth  
5 of projects, and out of the number of projects that we had  
6 on the unfunded list, we had over \$587 million in projects  
7 that were eligible, but this is actually the draw came in.

8 And so the certifications that did come in,  
9 they're valid from January 1st through June 30th.

10 And the next item we wanted to share is an update  
11 on the folks that had a second occurrence. There was an  
12 active round and because those folks didn't commit to the  
13 last round, they did fail to meet the certification request.

14 So we had 21 projects that did drop from the list.  
15 That meant they lost their bond authority and so as a  
16 result, we actually had five new projects that are tucked  
17 away in the Consent Agenda and that will be presented and  
18 those are five new construction projects so -- with a total  
19 value of over \$30 million that will be presented in Consent  
20 Agenda.

21 And the last item we wanted to share, we did have  
22 the announcement that there will be a charter filing round  
23 and -- come the spring. And so we did host a webinar with  
24 the Department of Education and the California School  
25 Finance Authority and that was a webinar that actually is

1 archived on our website and we initially had over 150  
2 registered participants that we -- at the end of the day, we  
3 had 56 that actually participated in the online venue.

4 So all the -- again the webinar itself and any  
5 questions and answers will be posted on our website.

6 We are hosting several other events and next week,  
7 we'll be joined up again with another online workshop.

8 CHAIRPERSON ORTEGA: Great. Thanks. Any public  
9 comment on the issues? No? Thank you. Let's go to Item  
10 No. 4 which is the **Consent Agenda**.

11 ASSEMBLYMEMBER HAGMAN: So move.

12 ASSEMBLYMEMBER BUCHANAN: Second.

13 MS. SILVERMAN: And I do want to recognize on the  
14 items on the Consent Agenda that there's annual adjustments  
15 for the school facility grants, the bi-annual index  
16 adjustment for the developer fees and the adjustments for  
17 the items approved this month will be brought forward for an  
18 adjustment next month.

19 CHAIRPERSON ORTEGA: Okay. Any public comment on  
20 the Consent Agenda? Okay. All those in favor.

21 (Ayes)

22 CHAIRPERSON ORTEGA: Any opposed? Okay. Thank  
23 you. Let's see. Item No. 5 is the **Status of Fund Releases**.

24 MS. SILVERMAN: So if I can draw your attention to  
25 page 87. At the last meeting, we gave some updates with the

1 active 90-day, and so since we didn't have any updated  
2 information to share at our last meeting related to the  
3 activities in November, we have two months to share with you  
4 as far as the cash being released to projects.

5           So between the activity in November and through  
6 the month of December, we had over a \$162 million that was  
7 released for those projects that were within the 90 days.  
8 And that's what we have to report for the Status of Fund  
9 Releases.

10           And for the **Status of Funds**, we have several  
11 projects. That's on page 91.

12           We have three seismic projects that we're bringing  
13 forward for -- that were approved in the Consent Agenda and  
14 so we wanted to reflect that activity in the unfundeds  
15 approval line.

16           So \$4.4 million that were reflected in  
17 Proposition 1D, we had some ORG projects -- Overcrowded  
18 Relief Grant projects that we're also making some  
19 adjustments there.

20           We have a rescission in one project that was being  
21 reflected as well and that's \$6.9 million. And again as I  
22 shared with you earlier, there are several projects in the  
23 new construction arena and Proposition 55 that were part of  
24 the Consent Agenda.

25           So in total \$34.7 million in processed unfunded

1 approvals we're moving forward as part of the Consent Agenda  
2 and some adjustments as a result of rescissions of three  
3 projects that dropped out for \$6.9 million.

4           So that's the activity we wanted to share.

5           I wanted to highlight on page 100a and 100b, I  
6 know what we have presented in the past to the Board is the  
7 reflection of the projects that had been processed, true  
8 unfunded approvals that we accepted.

9           The Board did accept prior to November 1st and on  
10 page 100a and 100b, we wanted to show a drawdown of those  
11 projects. We did acknowledge that those projects were  
12 in-house and we had processed those, but just the reflection  
13 of all the activities we have been moving forward.

14           As project money has been available and rescinded,  
15 again staff is converting those projects to unfunded  
16 approvals. So -- and that's a reflection in 100 in the new  
17 construction category. So far to date, 13 projects have  
18 converted from this list and moved over to the unfunded  
19 list.

20           And so that's a reflection for the new  
21 construction area. Likewise, we have the same activity to  
22 share with you. On 100b, the accumulation of modernization  
23 projects that we processed, 13 projects have moved over.  
24 Nearly \$26 million have been converted.

25           CHAIRPERSON ORTEGA: Okay. Thank you. Any



1 questions? Yes.

2 ASSEMBLYMEMBER HAGMAN: Just a comment. Your  
3 graphs are much -- I mean I think you used every graph in  
4 the computer system here. They're very artsy. They're very  
5 good. So I just wanted to say you can read all of them.  
6 Thank you.

7 CHAIRPERSON ORTEGA: Any public comment on this  
8 item? Okay. Let's see. Item 7, this is the **Glenn County**  
9 **Office of Education.**

10 MS. SILVERMAN: So if I can direct your attention  
11 to page 113. We are presenting the County Office request  
12 presently to retain financial hardship savings on six  
13 previously funded projects.

14 The district is requesting to retain nearly  
15 \$480,000 on six projects that were approved back in early  
16 2005 and which they received funds.

17 So to date, out of the six projects that were  
18 awarded, they reported they had nearly \$480,000 in project  
19 savings. And at the time, we were actually approached by  
20 the district to see what they can do as far as retaining  
21 funds.

22 And the regulations are very specific in which you  
23 have the ability to retain a savings if you have another  
24 project that you have identified within a period of three  
25 years. So -- or return the funds back.

1           At the time, the district did elect to keep the  
2 savings and wanted to apply it to a future project.

3           And since then, we were contacted by the district  
4 back in 2012. They wanted the ability to retain the funds  
5 for some communication towers and obviously staff had an  
6 opportunity to meet with them and had some concerns about  
7 the retention of those funds for that very purpose.

8           And the district subsequently did file an appeal  
9 and unfortunately, from an administrative standpoint, the  
10 appeal -- original appeal came in in October and  
11 unfortunately, we didn't have it on the record. We did  
12 locate it much later, but they did submit a subsequent  
13 appeal in April of 2013 and staff does acknowledge that the  
14 appeal should have had an earlier received date.

15           But the County Office of Education -- their  
16 position was to keep the savings and from a project  
17 standpoint that they obviously wanted to create these -- an  
18 opportunity for their district to have a wider broadband use  
19 and upgraded technology and it would serve nearly 5,600  
20 students, eight school districts.

21           Obviously, they live in a rural community. No  
22 doubt it would benefit their community, but the regulations  
23 are very specific. Savings must be used for the next  
24 project -- approved project granted by the Board.

25           So at this time, staff did recommend the denial of

1 the request and that's where we stand administratively.  
2 These funds aren't for a subsequent project that had been  
3 approved by the Board and at this point in time, the  
4 communication towers were never part of the original scope  
5 and administratively, we have denied their request.

6 CHAIRPERSON ORTEGA: Thank you. Any questions  
7 from the members? Is there any public comment on this item.

8 MR. QUARNE: Good afternoon and thank you for  
9 hearing us and taking on this appeal. My name is Tracey  
10 Quarne. I'm the County Superintendent of Schools for Glenn  
11 County. With me is Randy Jones. He's the Assistant  
12 Superintendent and he's in charge of business services.

13 So we do want to express our appreciation for Juan  
14 and all of his buddies that came up and spent some time with  
15 us in Glenn County. We took them to Nancy Alcorn. They  
16 were out of pear pie that day, but we hope they come back  
17 and can have a bite with us. They're good people and kind  
18 of highlights what's going on here.

19 We have a need for high-speed Internet.  
20 Currently, the majority of our students are served by  
21 whatever phone company happens to be in that neighborhood.  
22 Now it's AT&T.

23 The whole school is receiving one and a half  
24 megabytes per second of Internet and that is to serve all of  
25 the students within the school and it's not nearly enough.

1 It's just not going to get the job done.

2           And we have many, many miles within our county  
3 which makes it even a little bit more frustrating.

4           So one of our districts -- I just want to give you  
5 an idea of the numbers we're dealing with. One of the  
6 districts approached Comcast to ask them if they'd run a  
7 fiber line out to their district from the nearest point. It  
8 was \$300,000 just to run the line out there. That didn't  
9 include anything else.

10           Another issue that we face in some of the rural  
11 areas is being explored by Scenic. It's a project that's  
12 attempting to determine how to get high-speed Internet to  
13 some of these remote areas.

14           In our neighborhood, they're spending \$500,000 and  
15 three years to do their study. We're spending -- we're  
16 proposing to spend \$400,000 and one year to solve our  
17 problem. I think we've got the right solution.

18           We didn't invent the wheel. This was originally  
19 done by Imperial County in the southern part of the state  
20 very successfully.

21           Exactly what we're proposing is to be able to  
22 build towers and beam the Internet via microwave to each of  
23 the districts and to the schools. And we can then deliver  
24 100 megabytes of service to each of those facilities.  
25 That's going up from one and a half. It's a 60 times

1 increase and will solve the problem.

2           This gets a little dicey because the state has now  
3 mandated that all students -- and if you look at the first  
4 page in the binder I gave you.

5           The state has legislated Smarter Balanced  
6 Assessment System and that's where every child when they  
7 take their state tests will test over the Internet.

8           If you want to do some math, if you have say 400  
9 to 500 youngsters in a school and they're all going to sit  
10 down and take this state test and you have one and a half  
11 megabytes of service, it's not going to happen.

12           You're going to have to put -- spread those tests  
13 out over a huge length of time. I did hear one proposal  
14 that came out of the State Department of Ed was they would  
15 expand the testing window to 12 weeks. That's a third of a  
16 school year.

17           So if a youngster tests during the first week,  
18 they're going to be at a significant disadvantage to a  
19 youngster who tests during the 12th week. So I suggest that  
20 isn't a viable solution.

21           Secondly, you can get into an equity issue with  
22 the EAP. That's the Early Assessment Program that juniors  
23 in high school can participate in. What that is, while  
24 they're taking the state test, part of that can be comprised  
25 of a test that would apply to their SAT and their admission

1 to college.

2           With the Internet service we currently have,  
3 that's not a possibility. So our students are at a  
4 significant disadvantage when it comes to state testing.

5           That doesn't include the incredible disadvantages  
6 our students experience in the art of learning. I don't  
7 think I have to tell you how many different programs and  
8 curricula is available through the Internet as compared to  
9 that time in this legislation that Lisa's hanging on or when  
10 the funds were originally delivered to us.

11           The world has changed. There are other  
12 disadvantages for the students, but I don't want to bore  
13 you. I think you can do the math. You've all been  
14 students.

15           What I do want to bring to your attention, there  
16 were a couple issues that have been presented in California  
17 on a previous occasion that touch on the issue of  
18 equitability and equality of education.

19           The first one I want to bring to your attention,  
20 if you turn in a couple of pages, is a lawsuit that was  
21 called Serrano vs. Priest. That came out of Southern  
22 California. Baldwin Park was suing, saying their kids  
23 didn't have the same opportunity in school as youngsters did  
24 in other districts that were better funded.

25           For instance, back in that day -- and this is many

1 years old -- the average daily expenditure for a child in  
2 Baldwin Park was \$577. In nearby Pasadena, it was 840 and  
3 in Beverly Hills, it was \$1,232 per year and the parents of  
4 Baldwin Park students said this isn't fair.

5           It went to the State Supreme Court and the result  
6 of that is we now have what is called this ADA, average  
7 daily attendance and apportionment system that every school  
8 district operates under in the State of California except a  
9 few which are considered basic day districts.

10           So this issue has come up before, this  
11 equitability and equality.

12           The next one that's like 44 pages down from there  
13 is a case called Lau, L-a-u, and I don't know how to  
14 pronounce that correctly, vs. Nichols and that was where a  
15 youngster who spoke only Chinese was going to school in  
16 San Francisco and he was not doing very well in school and  
17 his parents said my child doesn't have an equal opportunity  
18 in school because he doesn't understand English.

19           The district -- the San Francisco district said  
20 this education your child's receiving could not possibly be  
21 more equal. He's sitting in a classroom right next to  
22 another child. It's the same teacher. It's the same  
23 chalkboard. It's the same handouts. It's the same  
24 curricula. Everything is exactly the same, could not  
25 possibly be more equal. That was the position the district

1 took.

2 Obviously, I think you know what the end result of  
3 that. That case went to the U.S. Supreme Court and there  
4 were several passages at the time in California Ed Code that  
5 backed up the district's position.

6 The U.S. Supreme Court rolled over all of those  
7 and said it's not an equal or equitable education for this  
8 child, for Lau, L-a-u.

9 And the result of that is now we have nationwide  
10 imposition of English Language Learners or EL instruction.  
11 That's where it began was at the U.S. Supreme Court.

12 So you go about 18 more pages in here -- in my  
13 little binder. Am I'm boring -- I hope you're not boring.

14 ASSEMBLYMEMBER HAGMAN: Let me say this. I mean  
15 I'm speaking for myself, but we're familiar with all these  
16 cases.

17 ASSEMBLYMEMBER BUCHANAN: Right.

18 ASSEMBLYMEMBER HAGMAN: We're familiar with what  
19 the schools have to do for next year for common core  
20 testing. But none of that's the issue -- none of the stuff  
21 you said I would disagree with you whatsoever.

22 The question is can we use state 30-year bond  
23 money for you to use to put in microwave towers.

24 MR. QUARNE: Very good. Very good.

25 ASSEMBLYMEMBER HAGMAN: Okay. That's the bottom



1 line and I think if you're going to argue, that's the part I  
2 would probably stick with.

3 I understand the inequities. In fact, I'm  
4 authoring a bill this year to try to get all the districts  
5 some money to get Wi-Fi ready at each campus. We'll see  
6 where it goes.

7 But these past things for equity bills and stuff  
8 like that, I think we're familiar with them.

9 MR. QUARNE: Well, part of the reason I'm here is  
10 to get that monkey off my back. I don't want somebody  
11 saying I didn't do everything I could for kids in Glenn  
12 County and I've got 5,500 of them that could get upset.

13 Okay. Let's take a look in here. In the School  
14 Facility Program, looking down into this binder a little  
15 bit, this is publication that came out in May of 2008 by the  
16 State Allocation Board.

17 On page 17 of that, it does state and I'll read it  
18 for you. The only thing I would say too, Assemblymember  
19 Hagman --

20 ASSEMBLYMEMBER HAGMAN: Um-hmm.

21 MR. QUARNE: -- is unfortunately in this  
22 particular instance, you are my only Board of remedy for  
23 this matter. So I did want to make sure I pointed out for  
24 the record that there's a huge equity and equality issue.

25 However, on page 17, under the heading Project

1 Savings, it does state, A district may expend the savings  
2 not needed for a project on another high priority capital  
3 facility needs of the district. Regulation further  
4 prescribes that the state's portion of any savings from the  
5 new construction projects or a joint-use project may be used  
6 as a district matching share fund only on a new construction  
7 project, et cetera.

8 ASSEMBLYMEMBER BUCHANAN: Right.

9 MR. QUARNE: So it's in your literature that that  
10 is stated.

11 CHAIRPERSON ORTEGA: Go ahead, Lisa.

12 MS. SILVERMAN: A point of clarification. You can  
13 use savings if you have a 50-50 match. When it comes to  
14 hardship contribution, the state did contribute the full  
15 project and there is a regulation specifically related to  
16 financial hardship savings. So I wanted to clarify that.

17 MR. QUARNE: And also this Board granted an appeal  
18 to the Fresno County Office of Education for the  
19 construction of solar panels and that was a project that you  
20 said was completed and it was after the fact and you granted  
21 the appeal.

22 ASSEMBLYMEMBER BUCHANAN: That project technically  
23 wasn't completed.

24 MR. QUARNE: It came down to 99 percent completed  
25 is what we read.

1           ASSEMBLYMEMBER BUCHANAN: Well, it -- I  
2 personally -- I think there were issues there. I'm not  
3 sure, you know, we -- where we were -- I don't -- as much as  
4 whether we should have or not, I don't -- there are  
5 different circumstances in that project and your project.

6           You know, from my perspective, when I travel  
7 around even my own assembly district, I'm not sure that any  
8 of the school districts that I represent are ready in terms  
9 of broadband access.

10           They're not -- you know, I don't know any of them  
11 that have enough computers yet. I don't know any of them  
12 have enough bandwidth and I think you could travel  
13 throughout the state and do that.

14           We're in a situation now where they probably would  
15 love to be in your situation where they have leftover  
16 financial hardship funds that they could put towards it.  
17 But they're not. And we have very clear guidelines on  
18 financial hardship.

19           In financial hardship cases, the district [sic] a  
20 hundred percent of a project. And what we ask districts to  
21 do if the cost of that project comes in below the amount  
22 that we funded is that difference comes back to the state  
23 because we funded a hundred percent.

24           What we allow -- and I'm not sure we should even  
25 do this, but what we allow is if you have -- within three

1 years you have another approved financial hardship  
2 project -- and you do not have an approved financial  
3 hardship project. These towers are not an approved  
4 financial hardship project -- then we allow the district to  
5 use that savings from the first project towards the state's  
6 share -- not for the whole project -- towards the state's  
7 share of the new financial hardship project. Okay.

8           So the issue here to me is simple. You know,  
9 there were savings in these projects. You have three years  
10 to apply those savings to another approved financial  
11 hardship project.

12           We are beyond the three-year window. The towers  
13 are not approved financial hardship project. So I'm not  
14 saying they wouldn't be nice to put up and it wouldn't be  
15 nice to use this money, but I think the guidelines are very  
16 clear.

17           And we're at the point where we're at the end of  
18 the bond. There are other projects that have been in line  
19 that are hoping to get funded and for those reasons, I can't  
20 support it.

21           I'm very well aware of what we're requiring  
22 districts through common core and smarter balance. I know  
23 we had a hearing. I chair Assembly Ed. We had a hearing in  
24 my committee. Senator Liu chairs Senate Ed. She had a  
25 hearing in her committee.

1           And I know it's a monumental tasks for districts.  
2           The Governor a year ago came up with some funding.  
3           Obviously, the state -- we're going to have to figure out  
4           this problem, but when we figure it out, it's going to have  
5           to be for all the school districts in the state and I don't  
6           think in this situation -- and I can't support this because  
7           I don't think I should be -- you know, and the rules a very  
8           clear -- voting for an exception for your district.

9           I mean there's just nothing here in the policies  
10          or procedures for financial hardship that allows us to put  
11          the project -- money towards a project that the district  
12          wants when it's not even an approved financial hardship  
13          project.

14          CHAIRPERSON ORTEGA: Are there any comments from  
15          any other Board members? Okay. Oh, go ahead.

16          MS. MOORE: I'm prepared to make a comment and a  
17          motion. While we're all working on a future bond measure  
18          and I know other funding sources to ensure that all students  
19          have access to the necessary resources and without creating  
20          a broad policy through this motion, we believe this is a  
21          unique circumstance that warrants our support.

22          So on behalf of the Superintendent of Public  
23          Instruction, I would make a motion to support the Glenn  
24          County Office of Education request to use hardship funds for  
25          the purposes of providing connectivity to the students of

1 Glenn County for equity purposes.

2 CHAIRPERSON ORTEGA: Is there a second? Okay. I  
3 believe that motion dies.

4 MR. QUARNE: Thank you for your time.

5 CHAIRPERSON ORTEGA: Thank you. Let's see.  
6 Item 8 was postponed. So we'll move to Item 9, which is  
7 Juan.

8 MR. MIRELES: Madam Chair, members, the next item  
9 begins on page 132 of the agenda. This report presents  
10 options for the Board to consider **expanding the requirements**  
11 **to participate in the priority in funding process.**

12 Back in October of 2012, the Board took  
13 significant steps to promote the advancement of construction  
14 ready projects that have been approved by the Board and that  
15 have monetary reserve for them.

16 The Board adopted a policy to require new  
17 construction, modernization, and facility hardship projects  
18 to participate in the priority in funding process. Projects  
19 that don't participate twice are rescinded thereby freeing  
20 up additional bond authority for other projects.

21 As Ms. Silverman mentioned earlier in the  
22 Executive Officer's statement, part of this agenda includes  
23 \$30 million that was made available through projects that  
24 didn't meet that requirement.

25 And just to remind the members, the requirements

1 to participate are that districts have to submit a  
2 certification that they can enter into contracts within 90  
3 days of receiving a cash apportionment.

4 The other requirement is that if a district does  
5 receive an apportionment that they have to submit a valid  
6 fund release within 90 days.

7 The Board approved the regulations for this  
8 process in January 2013. So the item before you today  
9 presents options for the Board to expand those same  
10 requirements to the Overcrowded Relief Grant Program, the  
11 Career Tech Program, and the Charter School Facilities  
12 Program.

13 Now, both the Career Tech and the Overcrowded  
14 Relief Grant Programs are out of bond authority for new  
15 projects while the Charter School Facility Program does have  
16 approximately 87 million available for new projects, and the  
17 Board has recently opened up a filing period for charter  
18 schools to request funding.

19 And as with all the previous charter school  
20 facility rounds, we do expect to be oversubscribed.

21 We've included some information regarding each of  
22 the programs as part of this report. So if I could draw  
23 your attention to the middle of page 134, we have a chart  
24 that illustrates how many projects and how much bond  
25 authority has been approved under the Overcrowded Relief

1 Grant Program.

2 As you can see, there's a total of 153 million  
3 bond authority that's been approved in projects and -- that  
4 are now on this unfunded list waiting for cash. We also  
5 listed the dates that these projects were approved by the  
6 Board.

7 Now, under the current process, the Overcrowded  
8 Relief Grant Program is not addressed, which means that  
9 these projects don't have to participate in the priority in  
10 funding process, so the projects can remain on the list  
11 indefinitely.

12 Next on page 135, we have another chart with the  
13 same type of information for the Career Tech Program. There  
14 are currently 51 projects totaling of 57.5 million.

15 The Board did originally exclude these projects  
16 from participation requirements and the priority in funding  
17 process. That was due to the unique timelines for Career  
18 Tech projects. Basically they can receive an apportionment  
19 in advance of Division of State Architect and Department of  
20 Education plan approvals with the condition that once they  
21 do get a cash apportionment, they have 12 months to come in  
22 and submit their plans and plan approvals.

23 And lastly on page 136, again the same type of  
24 information for the Charter School Program. In this  
25 particular case, we have six projects totaling



1 \$38.8 million.

2           Again they're on the unfunded list. These  
3 projects are considered to be conversions and just like the  
4 Career Tech Program, these projects were excluded the last  
5 time that the Board took action on this process.

6           The Charter School has a slightly different  
7 process. They can get a preliminary apportionment and then  
8 they have four years with a possible one-year extension to  
9 come in and submit a conversion which means that they have  
10 to have the plans approved by DSA and CDE.

11           And at the time of conversion, they're basically  
12 just like the new construction/modernization projects.

13           Charter schools also have some design and site  
14 advances that they can get and they're on the unfunded list,  
15 but staff is not proposing that the Board consider these  
16 grants because the existing statutory timelines, the four  
17 year plus the one-year extension, do require them to come in  
18 and if they don't, they lose their preliminary  
19 apportionment.

20           So staff has included a separate option to include  
21 each of the programs individually. The Board may choose one  
22 or more of the options. Staff is seeking Board direction.  
23 So with that, I'd be happy to answer any questions.

24           CHAIRPERSON ORTEGA: Any questions or comments  
25 from the Board members?

1           SENATOR LIU: Well, I think there's a presentation  
2 from the school district that I represent. So if I could  
3 hear the Board -- hear that presentation.

4           CHAIRPERSON ORTEGA: Sure. I'll call for public  
5 comment. Just want to see -- any other questions or  
6 comments before we go to the public comment? Okay. Anyone  
7 from the public who wishes to speak on this item, please  
8 come on up.

9           MS. LUECK: Thank you for allowing us to comment  
10 on this item. My name is Eva Lueck. I'm the Chief Business  
11 Official for Glendale Unified. This is Alan Reising and he  
12 oversees our planning and development division, our facility  
13 program.

14           Glendale Unified is here because we are asking the  
15 Board not to change the regulations that were in place when  
16 our projects were adopted and approved.

17           We have ten overcrowded relief grant projects and  
18 they were all approved in 2013. So they are not old  
19 projects. They were approved last year.

20           And those projects comprise 121 classrooms that we  
21 are going to be building to replace portables on ten school  
22 sites. And when we were going through evaluating our needs,  
23 replacing portables was very high on our list for our local  
24 bond that we passed. So we do have the matching dollars.

25           And we really developed a plan to implement those

1 projects as we moved forward in a paced rate.

2           If we were to go forward with this regulation  
3 change, it would require us to really go under construction  
4 to implement all ten projects within a 12-month period. And  
5 logistically, that is something that's extremely difficult  
6 for us to do. The interim housing, the bidding of the  
7 contract, lining all of that up within a 12-month period  
8 really isn't practical and feasible and have a quality  
9 project at the end of the day.

10           We understand that there is a concern about having  
11 older projects on the modernization and new construction  
12 list and there was a desire to clear out older projects and  
13 allow new projects to be done.

14           And while we support that, we don't really feel  
15 that projects that were just approved last year fall into  
16 that category. We would like to have some consideration for  
17 projects that were approved in 2013 and recently, that there  
18 be a period that we have to really be able to facilitate and  
19 implement them in a way that we would all be proud of.

20           And I think this issue is unique to us in that we  
21 have the ten projects and it's odd that we would have ten  
22 projects all in the same cycle.

23           I need to share with you that when our local bond  
24 passed, around that same time period, we were told that  
25 round ten of the ORG approval process was looking like it

1 was going to be the last round for ORG. It was  
2 undersubscribed and there was a desire to potentially move  
3 those dollars over into new construction and modernization  
4 programs.

5           And so we were advised that if we were really  
6 interested, we really needed to push forward and get our  
7 projects on the list and so we did that. And we're very  
8 pleased that we did. We spent a little over \$4 million of  
9 local bond money to develop those plans, receive all of the  
10 approvals. So we have a significant investment and would  
11 just ask that you take that into consideration.

12           We are committed to doing our projects. We just  
13 need a little bit longer time span than 12 months to  
14 implement that many projects of that order of magnitude.

15           ASSEMBLYMEMBER BUCHANAN: So could you clarify for  
16 me when you say a little bit more time, is your plan to do  
17 it over two years or five years or what is your plan in  
18 terms of getting the projects done? Because we sort of  
19 assume if someone's applying for funding, they're ready to  
20 go with the project and so --

21           MS. LUECK: Understand.

22           ASSEMBLYMEMBER BUCHANAN: That's right. So I'm  
23 just kind of curious as to what your time frame is for the  
24 ten projects.

25           MS. LUECK: I can explain our original timeline

1 and then we're going to be amending it.

2           Originally when we applied, it was really at a  
3 time when there was limited dollars coming into the program.  
4 We were actually up here asking you to expedite one of our  
5 ORG projects that's under construction now. There weren't  
6 dollars. So we never imagined there would be dollars to do  
7 ten all at once as we were moving forward.

8           And so our plan -- our original plan was to look  
9 at doing it at a pace of two per year. We thought we could  
10 do one in each of the priority runs averaging two a year.

11           We can certainly look at expediting that to three,  
12 but we feel like three, given the size of some of the  
13 projects, would be a reasonable approach.

14           ASSEMBLYMEMBER BUCHANAN: So if we're  
15 oversubscribed --

16           MS. LUECK: Um-hmm.

17           ASSEMBLYMEMBER BUCHANAN: -- and we hand out the  
18 money on a first-come-first-serve basis, chances are pretty  
19 good that the money will be handed out before you get to  
20 projects four through six and seven through ten.

21           So how do you respond to that?

22           MS. LUECK: My understanding of the process -- and  
23 I could be incorrect on this. My understanding is that  
24 money would not be allocated past the authority that was  
25 given through the bond issue. So it would basically be

1 setting aside dollars and saying those dollars are assigned  
2 to these ORG projects that are still valid. So you would  
3 not be handing out those dollars to another district. Does  
4 that make -- is that --

5 CHAIRPERSON ORTEGA: I think that's a pretty  
6 important question here to resolve, so maybe staff can help  
7 us understand that because I think -- you know, one view of  
8 this plan of doing two per year is that you're holding a  
9 place in line for five years and that is kind of the  
10 question we have here, is whether other projects who are  
11 ready to go.

12 So I think this question of whether the projects  
13 are really, from their point of view, available for that  
14 time period; is that accurate?

15 MR. MIRELES: We were oversubscribed the last  
16 filing round. We are going to be bringing back an item  
17 before the Board to discuss how we fund projects that didn't  
18 receive funding in the future, whether the Board wants to  
19 consider opening up another filing period or just go down  
20 the list of the projects that didn't receive funding.

21 So any additional money becomes available would be  
22 part of that discussion in terms of how do we fund future  
23 ORG rounds.

24 SENATOR LIU: I think part of my problem is that,  
25 you know, these projects that Glendale is putting forward or

1 put together to put forward before the Board were approved  
2 in 2013 and what you're asking us to do -- staff is asking  
3 us to change the rules while these folks have the approval.

4 And so, you know, for me -- could there be a grace  
5 period? I mean --

6 ASSEMBLYMEMBER BUCHANAN: Let me advise the  
7 questions because some of the projects that are dropping off  
8 the list like for new construction had approval as well.  
9 And so we assume once a project -- once a district comes to  
10 the Board asking for an approval, that means that when  
11 they -- that they're ready to request funds and start their  
12 project, and holding out money -- I mean we've never, to my  
13 knowledge, just sort of held out money and said okay, we'll  
14 hold this out for you for five years.

15 So I struggle with replace -- I hate portables.  
16 So I know that what you're going to do is make a huge  
17 difference in your district, okay, and -- but at the same  
18 time, you know, part of the intent of this Board and what  
19 we're doing is trying to get money to schools, put people to  
20 work, and really, you know, put the money in projects that  
21 are ready to go.

22 We've never to my knowledge held money for any  
23 district for that length of time and the big problem we  
24 have, the reason we came up with this, is as long as we were  
25 reserving space because you don't want to reserve -- and so

1 we're trying to get the oversubscribed question -- is you  
2 don't want -- we're not approving more projects than we have  
3 money in the bank; right?

4 SENATOR LIU: Correct.

5 ASSEMBLYMEMBER BUCHANAN: But if we've got  
6 projects on that list that aren't ready to go, there's  
7 another project that can't come up on the list that's ready  
8 to go. So that's why we did it.

9 So I don't know exactly what -- I mean I  
10 understand your dilemma and appreciate it, but --

11 CHAIRPERSON ORTEGA: Ms. Moore.

12 MS. MOORE: The difference that I see here and  
13 where we were previously when we put the priorities in  
14 funding round together -- that was our first step that we  
15 did in moving away from the 18-month commitment that we had  
16 previously when this program started. We started with that  
17 step and then we subsequently went to a step of a  
18 nonparticipation.

19 Both of those steps came with a lot of grief I  
20 think on many people's parts and there was a lot of time for  
21 people to consider it and come to I think a consensus that  
22 that was how we would move forward.

23 We purposely left out these three programs from  
24 the nonparticipation round at the time that we had the  
25 opportunity to consider them and for the very reason that



1 they were not first-come, first-serve programs, they were  
2 programs based upon certain criteria and certain  
3 acknowledgement that it took a longer period of time to do  
4 these types of projects, but we wanted to encourage them and  
5 we had the -- because I think this large tent of types of  
6 projects.

7           So from what I see in here with the exception of  
8 the two that appear that they're going to drop off for other  
9 reasons, we have 2013 -- we have projects that are in 2013.  
10 When we took the steps before, we had projects that were  
11 five, six, seven years on the list that we were addressing.

12           And to me this could be perhaps premature to look  
13 at these three categories of projects at this time and  
14 perhaps a year from now, we could look that. It helps with  
15 this particular district, not to say that there's others,  
16 and certain the issue will be the ones that are in line want  
17 their access to the funds.

18           But I think that we should remain true to these  
19 programs that we gave them additional time, we made a choice  
20 a year ago not to put them into this program. People made  
21 their decisions accordingly and now we're going to say no,  
22 we're going to do it this way, for a good reason, but I  
23 think I can't support it at this time. Perhaps a year from  
24 now, I could support it.

25           CHAIRPERSON ORTEGA: Mr. Hagman.

1           ASSEMBLYMEMBER HAGMAN: Well, I think you could do  
2 all the vet, so to speak. I do think there needs to be  
3 timelines on projects. There's no sense of having districts  
4 be approved and waiting multiple years before they actually  
5 start a project. It's not the intent of this bond money.  
6 It's not the intent of the administration, but that's the  
7 intent to get the bond monies out to get people working,  
8 plus every district has a story, that every district needs  
9 money right now.

10           Every districts could use some money for some kind  
11 of program, like our last appeal as well. I would love to  
12 give all our school districts that money to get all their IT  
13 stuff working and all the rest.

14           So there is a limited amount of capability that we  
15 would do. We're looking at a snapshot in time here today.  
16 What can we do today. What could we do to maximize those  
17 funds we get out today.

18           We may be able to approve these three changes,  
19 which frankly I support because I want to get these monies  
20 moving, maybe starting at different times. Maybe start six  
21 months from now -- or three months now to give some to  
22 reaction for the districts, but I can't also approve five  
23 years from now.

24           Five years from now, we may be going through two  
25 more bond cycles by then. Who knows.

1           SENATOR LIU:  -- not ask for time.

2           ASSEMBLYMEMBER HAGMAN:  If everything's well.

3  Yeah.  So that's not right either.  That's not right to  
4  everybody else who's waiting in line after the fact.

5           There needs to be a finite period of time that  
6  when you do apply you're ready to go.  Otherwise, let's let  
7  someone else who is ready to go, who can service their  
8  students today not a couple years from now, so those  
9  benefits go out as quickly as possible.

10          So taking what all you said, there may be a way --  
11  I support all three changes, but what would be a reasonable  
12  time to give notice to those schools who have projects  
13  approved right now?  Another six months?

14          SENATOR LIU:  You know, I would suggest that maybe  
15  we postpone action on this item at the present time because  
16  of the confusion and ask staff to come back with other  
17  recommendations of how we can resolve this problem with the  
18  three particular categories that we're concerned with.

19          ASSEMBLYMEMBER HAGMAN:  But if you don't take some  
20  kind of action now, the same problem's going to come up with  
21  another district six months from now because -- that's why  
22  we bring it up, so -- we were still working under the same  
23  rules.

24          If you change the rules now and give enough notice  
25  for people to react, then I think that's the fairest way to

1 do. If we don't take action now, we're not giving our  
2 opinions, we're not even sure if we're going to vote for  
3 this if we look at it six months from now, and then we say  
4 we want to do it now, it's the same issue today.

5           So if our intention was to have this out within 90  
6 to 180 days to start construction, that gives the school  
7 district time to go back and say can we get seven of the  
8 projects going in the next six months before this rule  
9 changes, then another 90 days past that, you know, it gives  
10 you some time to react. At the same time, we're setting the  
11 rules up for the future.

12           CHAIRPERSON ORTEGA: Lisa.

13           MS. SILVERMAN: Point of clarification. Even if  
14 the regulations -- the policy discussion happens today,  
15 staff would still have to come back with some proposed  
16 regulation change and then additionally built on that, if  
17 the Board does approve regulation changes, we still have to  
18 go through the administrative process of having those  
19 rules -- or the regulations adopted.

20           So even if it was adopted on an emergency basis,  
21 potentially it wouldn't go in effect until at best case  
22 maybe June. And then you still have certification rounds  
23 that you still have to implement and those certification  
24 round periods would open up, again if adopted in June, maybe  
25 miss that last certification round, the first certification

1 round they would have to -- it would have to meet would be  
2 the November-December period of 2014. Subsequent round  
3 would be spring of 2015 is when they have to submit a  
4 certification. So you still have a lot of time --

5 ASSEMBLYMEMBER HAGMAN: So you're looking at  
6 18 months best case right now.

7 MS. SILVERMAN: Right now. Potentially.

8 ASSEMBLYMEMBER BUCHANAN: Well, since we're  
9 looking at 18 months --

10 MS. MOORE: You're looking at one year because  
11 this January of 2014. So if the next round is this fall and  
12 the subsequent round is in the start of 2015, that's one  
13 year from now.

14 MS. SILVERMAN: But the certification is valid the  
15 period of June -- excuse me -- July 1st through the end of  
16 December.

17 ASSEMBLYMEMBER BUCHANAN: Well, where I am is I'm  
18 not comfortable waiting five years because if I'm a district  
19 that has an ORG program and I'm told we're withholding money  
20 for a district for two more years, I'm not comfortable with  
21 that.

22 I also, though, can support Senator Liu's  
23 recommendation that we at least -- even if we just delay it  
24 for another meeting, if we could have the additional data  
25 that people know you can draw out the charts on what that

1 means in terms of the process and all of that, I think it  
2 would give all of us a higher comfort level in terms of  
3 having a thorough understanding of what that means for  
4 districts.

5           And my message to you -- and I have no idea if I'm  
6 the majority/the minority here, but I know when I was on a  
7 school board, I would have moved mountains if I had to to  
8 get these projects done.

9           MS. LUECK: Could I respond just to -- that our  
10 five-year plan was our initial -- this is what we had  
11 originally scheduled to do.

12           ASSEMBLYMEMBER BUCHANAN: Right.

13           MS. LUECK: We fully understand given the  
14 oversubscribing to the program that's going to be occurring  
15 that we need to condense that down.

16           ASSEMBLYMEMBER BUCHANAN: Right.

17           MS. LUECK: So I don't want you to hold that to  
18 the --

19           ASSEMBLYMEMBER BUCHANAN: I'm not -- I'm just  
20 saying as we -- I can support taking a little bit more time  
21 and, you know, within that -- whatever we decide on there  
22 because I do think the intent is to fund project -- you  
23 know, get projects out because your portables -- you want to  
24 replace yours just like District B wants to replace its and  
25 District C wants to replace its portables and so I think we

1 can -- you can -- maybe if we bring it back, we can draw out  
2 the timeline and what it means and maybe you can provide  
3 just a little bit more information of how we're  
4 oversubscribed or whatever and then we can, you know, have a  
5 little bit longer discussion.

6 CHAIRPERSON ORTEGA: Lisa, one question of  
7 clarification. If this comes back next month, it wouldn't  
8 really change the implementation timeline too much in terms  
9 of the effective -- what we're talking about now, there's a  
10 delayed effective date anyway because of the administrative  
11 law process.

12 So -- but coming back in February won't make a  
13 significant change.

14 MS. SILVERMAN: No. No.

15 CHAIRPERSON ORTEGA: Okay.

16 MS. SILVERMAN: No.

17 CHAIRPERSON ORTEGA: I ask -- I will say I'm  
18 supportive of including all three of the programs in the  
19 process. I think that -- I don't think that the -- first of  
20 all, we have the precedent and secondly, I don't think that  
21 it was ever intended that a district would sort of look at  
22 their capital plan and kind of hold out the projects for the  
23 time period that it's more feasible for them to implement  
24 the plan.

25 Recognizing that that's a reasonable way for you

1 to do it, I don't think that's a reasonable way to tie up  
2 the funds in the programs.

3 So I am supportive of moving forward on this. I  
4 would support moving forward on it today, but if there isn't  
5 a motion today, then that's fine too. I would like to see  
6 it in February. Go ahead.

7 ASSEMBLYMEMBER HAGMAN: I'm supportive of all  
8 three too. Whether or not we do it today or next February,  
9 I think the built-in timeline, just because it takes so long  
10 to do things, gives enough of a notice to school districts.

11 I think even if we approve the general concept  
12 here, we'll still get a report back when the language is  
13 done; is that correct? So we would take another stab at it  
14 and we can also input as far as effective date or a next  
15 funding round and those type of things.

16 I think we have another bite of the apple as we  
17 go. But if we could -- if the staff needs more time to work  
18 on some of the language, if there's consensus, at least get  
19 started on it, even if we don't officially approve it today  
20 I think we should give them as notice as --

21 CHAIRPERSON ORTEGA: Well, let me ask if there is  
22 a motion --

23 ASSEMBLYMEMBER HAGMAN: -- we can and to our  
24 districts as well. I'll move --

25 CHAIRPERSON ORTEGA: -- today.



1 ASSEMBLYMEMBER HAGMAN: -- all three.

2 CHAIRPERSON ORTEGA: Okay. So let's go ahead and  
3 take a vote on that.

4 So let me just clarify. The motion is to approve  
5 the process -- add the three programs to the funding process  
6 and the staff would on the -- will come back with the draft  
7 regulations which would give us the opportunity to talk  
8 further about --

9 ASSEMBLYMEMBER HAGMAN: About timelines.

10 CHAIRPERSON ORTEGA: -- but today would be  
11 approving the policy change and directing staff to go back  
12 and make those --

13 ASSEMBLYMEMBER HAGMAN: And that gives much -- the  
14 most notice we possibly can for school districts right now  
15 and not do it all in one day.

16 ASSEMBLYMEMBER BUCHANAN: So even though I support  
17 it, wouldn't it make sense when we approve the policy change  
18 to really have an understanding of how that policy is likely  
19 to be implemented and what the dates are going to be --

20 CHAIRPERSON ORTEGA: Well, I --

21 ASSEMBLYMEMBER BUCHANAN: -- especially when it  
22 doesn't -- especially when one month isn't going to impact  
23 it --

24 CHAIRPERSON ORTEGA: Sure.

25 ASSEMBLYMEMBER BUCHANAN: -- so we're really clear

1 on that.

2           SENATOR HANCOCK: I would think so and I would  
3 think it also give time to go back and make sure that every  
4 district that's going to be affected knows and they either  
5 have a chance to move up their timeline or understand why  
6 it's happening.

7           ASSEMBLYMEMBER HAGMAN: Do you have a notice --

8           SENATOR HANCOCK: So if there was --

9           ASSEMBLYMEMBER HAGMAN: Maybe a notice process  
10 during this time period --

11           SENATOR HANCOCK: I think there should be, but I  
12 was even wondering if a month was enough time. I mean I  
13 would agree with Assemblywoman Buchanan and if there was a  
14 motion to say that we're going to receive this report and  
15 ask that staff come back with the wording of the change but  
16 also inform all the affected school districts that this is  
17 their opportunity to either accelerate what they're going to  
18 do or realize that they may lose their money.

19           CHAIRPERSON ORTEGA: Mr. Diaz.

20           MR. DIAZ: Also just to add onto that, while we're  
21 talking about policy change, would it be helpful to convene  
22 a meeting with the Implementation Committee so that  
23 districts would have the opportunity to participate in that  
24 development.

25           ASSEMBLYMEMBER BUCHANAN: Isn't that normally --

1 MR. DIAZ: This is a question of staff.

2 ASSEMBLYMEMBER BUCHANAN: Isn't that normally done  
3 after we've -- no, it's not done? Okay.

4 CHAIRPERSON ORTEGA: Go ahead.

5 MS. MOORE: I agree with extended timeline because  
6 again what I would reiterate is that getting to the point  
7 with all the other projects, we didn't do it in one meeting.  
8 We took -- we had subcommittee hearings actually and then we  
9 came forward with Board recommendations. So there was a lot  
10 of notice to districts about a potential policy change that  
11 would have a great effect upon them.

12 And I think in that manner, we try to bring  
13 everyone along. To me, this is one Board meeting, one  
14 notice. There might be many districts out there that don't  
15 know this policy discussion is going on today.

16 Obviously, your district does and I would support  
17 additional time to provide that type of input from  
18 districts.

19 ASSEMBLYMEMBER HAGMAN: Madam Chair, if we approve  
20 the general recommendations today and we bring it back  
21 either in February some draft format, can we ask staff to  
22 bring us a report of how many districts this may affect and  
23 ask them to notify them for comments before that time period  
24 and then that would cover all the bases.

25 I'm still looking at next year before this stuff

1 even takes effect. So the more notice we give these  
2 districts that this is going in that direction, I think the  
3 better off they are.

4 So that's mainly what we're all trying to say  
5 here, so they have enough time to react to get their capital  
6 improvement plans in swing and if we gave them -- you know,  
7 started the draft step, how long do you think your staff  
8 would take to make the draft regs?

9 MS. SILVERMAN: Yeah, we could anticipate coming  
10 back maybe in March.

11 ASSEMBLYMEMBER HAGMAN: So we start in January  
12 here. You give notice the next couple weeks to everybody on  
13 that list who may be affected and you say you're going to  
14 have a meeting in March where you're going to go over the  
15 regs. They can come out and give us their input and -- at  
16 that time because they'll be, you know, public documents.  
17 They have a chance to look at their stuff. Gives them  
18 60 days to kind of look at their construction period.

19 You take it back. It takes another three or four  
20 months before the regs take -- you know, go into effect or  
21 through the process -- the administrative process. Your  
22 first round is in September, October, November. That's the  
23 first certification round. The second one comes up near the  
24 first of the year. That's another 90 days after that.  
25 That's a lot of notice. That's a lot of notice any way we

1 talk about.

2           So I mean you're here. You know about it right  
3 now. Would that timeline allow you to adjust what you may  
4 do when that -- would it work with you or not? Is that a  
5 fair notice with the process?

6           MS. LUECK: Because of our number of projects --  
7 that's truly our challenge. Can we put two or three or more  
8 on and get it through? Yes, but to do ten within a 12-month  
9 period, that's our challenge.

10           ASSEMBLYMEMBER HAGMAN: Yeah. And that's probably  
11 why most districts don't apply for ten projects at once too.  
12 You know, they do one or two at a time at that unless  
13 they're like one of the big ones like LA Unified that has a  
14 whole crew. Most of them start --

15           MS. LUECK: We were advised the program was going  
16 away and we really needed to get our applications in.

17           MS. MOORE: What about -- I mean what you're --  
18 the time frame you were talking about is most likely that  
19 the first strike period would be the fall. What if it moves  
20 to the first of 2015 so that they have two strikes in latter  
21 2015 --

22           ASSEMBLYMEMBER BUCHANAN: Well --

23           MS. MOORE: -- if they don't move projects?

24           ASSEMBLYMEMBER BUCHANAN: See, I want to go back  
25 to suggesting that I think there's -- you know, when you

1 hear people talking, there's support for getting money out  
2 and not just giving one district a reservation.

3           So today we can try ourselves to solve this or  
4 staff can come back to us in February or March and lay it  
5 out with when the rounds would be and at least then, we'd  
6 all -- I mean it would all be in front of us and we'd all  
7 have an understanding of exactly what we're voting on.

8           SENATOR LIU: So in that respect, there's no need  
9 for a vote today?

10           CHAIRPERSON ORTEGA: Well, I'm going to --

11           ASSEMBLYMEMBER BUCHANAN: Well, there's --

12           CHAIRPERSON ORTEGA: I'm going to suggest two  
13 things. Mr. Hagman can withdraw his motion and we can talk  
14 about this again in February with maybe some more  
15 information about exactly what the timeline will be for  
16 effectiveness, what the -- when the first strike would come,  
17 all of those kind of questions, and that will give at least  
18 another month for people to hear about this issue and get  
19 some more input.

20           The second option is to call the question and see  
21 how that shakes out and move on from there. So I'm going to  
22 put Mr. Hagman on the spot.

23           ASSEMBLYMEMBER HAGMAN: Well, how about the  
24 pleasure of the Board. I think either one gives the same  
25 amount timeline. I think the longer we give the staff to

1 work on the language, I don't think it makes a difference if  
2 we're all --

3 CHAIRPERSON ORTEGA: Okay. So let's go ahead and  
4 take a vote on the motion.

5 MS. JONES: Senator Hancock.

6 Senator Liu.

7 Assemblymember Buchanan.

8 Assemblymember Hagman.

9 ASSEMBLYMEMBER HAGMAN: Aye.

10 MS. JONES: Assemblymember Nazarian.

11 Esteban Almanza.

12 MR. ALMANZA: Aye.

13 MS. JONES: Kathleen Moore.

14 Cesar Diaz.

15 Eraina Ortega.

16 CHAIRPERSON ORTEGA: Aye.

17 MS. JONES: Okay. This motion does not carry.

18 CHAIRPERSON ORTEGA: So at the Chair's discretion,  
19 I'm going to ask that the item come back in February with  
20 the more detailed analysis that you've heard from various  
21 members on the Board and I think we can perhaps figure out  
22 how to move forward then.

23 MS. SILVERMAN: Definitely.

24 CHAIRPERSON ORTEGA: Okay. Thank you.

25 MS. LUECK: Thank you.

1                   CHAIRPERSON ORTEGA: Let's see. Item No. 10.  
2 Assemblymember Buchanan on the spot for **Item No. 10 (Program**  
3 **Review Subcommittee Report)**.

4                   ASSEMBLYMEMBER BUCHANAN: We spent over a year  
5 taking a look at the various programs that we fund through  
6 the State Allocation Board. We've taken a look at how we  
7 determine eligibility, a number of projects, and I just want  
8 to sort of go over some highlights and then answer any  
9 questions. I don't want to spend, you know, an hour reading  
10 the report to you.

11                   But some of the highlights: With respect to new  
12 construction eligibility, it was clear to us as we looked at  
13 numbers that especially having been through a significant  
14 transition period, recession with the housing market, that  
15 we need to have school districts reestablish their  
16 eligibility.

17                   And so that is a proposal going forward if we do  
18 have a new bond.

19                   With respect to funding, the major recommendations  
20 or observations we have is we believe there's a desire to  
21 come up with a better definition of a classroom. Right now,  
22 the idea that a classroom has to be exactly 960 square feet  
23 for, what is it, a loading factor of 25 or 27 students,  
24 where a district may want a classroom that's just under  
25 3,000 square feet for three times that number of students,



1 but our regulations only allow us to fund one classroom.

2           Some of that is outdated and we have a  
3 recommendation therefore that we take a look at these  
4 definitions, even with respect to online learning and others  
5 and that we conform with the Title 5.

6           With respect to portables -- and this crosses over  
7 with both new construction and modernization. We don't  
8 believe that it's a wise use of state taxpayer dollars to  
9 fund portables. I'm talking about the wheel-on portables  
10 that we've seen throughout the state, particularly, you  
11 know, the explosion that came after class size reduction.

12           So we believe that we should not be using new  
13 construction dollars to fund the portable classrooms and I  
14 will speak to that a little bit more when we move down to  
15 modernization.

16           Moving onto modernization, the major finding there  
17 with eligibility is that this is another area where we  
18 should reestablish eligibility counting all the facilities  
19 and classrooms on a campus or that a district has and along  
20 with the age and reestablish that.

21           We believe that when we look at funding we need to  
22 consider whether we should have a very strict interpretation  
23 of funding like we do now or whether we should be a little  
24 bit more flexible because very few schools have a situation  
25 where the enrollment equals the capacity of the school.

1           And to give you an example, you could have a  
2 special day class with a capacity of 15 students and you  
3 only have 12 students this year. You might have 15 students  
4 next year, but it costs the same to modernize that classroom  
5 whether you have 12 or 15 and it's much more cost effective  
6 if you've got a contract to go in and do the whole building  
7 at one time rather than parts of the building.

8           So we didn't give a specific recommendation in  
9 terms of how you would modify the formula, but we believe  
10 there should be some consideration that if a building -- or  
11 a school is at 90 or 80 or 85 percent capacity that we then  
12 provide funds to modernize all of the buildings.

13           We also believe that modernizing the roll-on  
14 portables is not a good expenditure of state dollars and we  
15 should not be using modernization funds to do that. We would  
16 propose actually providing new construction funds to replace  
17 the portables so that we actually have stick-built buildings  
18 that last a much longer time frame.

19           We looked at consolidating all the special  
20 programs and thinking that there may be on average a certain  
21 amount that all districts get and we could come up with one  
22 funding amount instead of trying to break it down into many  
23 and came to the conclusion that most of them are unique and  
24 the one area that we felt could be consolidated both in the  
25 modernization and new construction was the area of the fire

1 alarms.

2           With respect to facility maintenance, we do  
3 believe that there should be some sort of requirement or  
4 effort on the parts of school districts to adequately  
5 maintain their facilities because ultimately, the care you  
6 take actually adds to the life cycle and reduces the cost of  
7 modernization down the road.

8           We believe there should be a statewide school  
9 facilities inventory and we listened to a number of  
10 different people talk about this, but it's sort of ironic  
11 that in the State of California we can't tell you, you know,  
12 really how many schools or classrooms or types of buildings  
13 that we have or the age of the buildings and that -- we are  
14 not looking at an inventory that gets down to how many  
15 electrical outlets you have or how old certain fixtures are,  
16 you know, the kind of inventories that some districts  
17 actually use to manage their maintenance programs, but we're  
18 looking at a high-level inventory that would help us even as  
19 the state better plan because we'd know how many schools  
20 were 30, 40, 50 years old and hadn't been modernized, and  
21 we'd be able to compare enrollments with capacity and have a  
22 better idea of how many additional classrooms we had.

23           Financial Hardship Program: We believe the  
24 Financial Hardship Program should be a program of last  
25 resort. So one area in particular is right now you can

1 qualify for financial hardship if you're at 60 percent of  
2 your bonding capacity. We believe you should be at a  
3 hundred percent of the bonding capacity, but overall, we  
4 need to take a look at that program.

5           But we also recognize right now it's -- we talk  
6 about a bonding capacity of 5 million or less and we believe  
7 there's got to be some way of redefining the regulations so  
8 that, you know, if a district is within -- I mean  
9 Assemblymember Hagman gave the example, if a district is  
10 within a couple hundred thousand or so of its bonding  
11 capacity, do we really want it to go out and have an  
12 election.

13           You know, you could -- and I don't know. The  
14 \$5 million seemed arbitrary. I don't know what the right  
15 number is, but if you had a bonding capacity say of  
16 2 million and you're -- or say 6 million but the  
17 modernization of a high school is going to cost 10 million  
18 or whatever, you know, there's got to be some way that  
19 there's reasonableness and flexibility but still holding  
20 true to financial hardship again being a program of last  
21 resort.

22           With respect to County Offices of Education, we  
23 recognize that they are financial hardship, but we also  
24 recognize that districts that participate in countywide  
25 programs should also have an obligation or a responsibility

1 to help fund the facilities that their students use. And  
2 let me just give you a simple example.

3           If you have a district -- I'll use like West  
4 Contra Costa in Senator Hancock's district. West Contra  
5 Costa is its own SELPA. So that means for its special needs  
6 students when it plans its school, it has to plan to include  
7 the pans for special day classes or programs for students  
8 with autism. I mean it has to plan that and it has to be an  
9 integral part and they -- and the district even  
10 participating in state programs has to contribute its  
11 share -- its matching share in order to access the state  
12 dollars.

13           If you have other smaller districts that  
14 participate in the Alameda County SELPA, okay, right now the  
15 county can apply for financial aid to add a special day  
16 class and those districts aren't required to make the same  
17 kind of contribution, even though the students in those  
18 programs come from the districts and the districts  
19 ultimately are the ones that have responsibility for their  
20 education.

21           And so you'll notice that in this area we give the  
22 example because we believe that in programs like that, that  
23 are -- that serve students in participating districts, those  
24 participating districts should also have some kind of  
25 obligation to help fund the county share of those programs.

1           It shouldn't be a free pass because they're in a  
2 county program and we believe that that will also force  
3 better planning on the part of the districts to help take  
4 care of -- you know, design facilities that can meet the  
5 needs of unique populations.

6           And finally, you know, our analysis shows that  
7 there clearly is a need for a school facilities bond and  
8 we've come to the conclusion -- I mean the last one, if you  
9 take a look at it, we've had \$35 billion I believe that's  
10 been passed through state bonds and we've had 66 billion  
11 that has been passed through local bonds.

12           Many of these local bonds are passed, you know, by  
13 voters because they understand that it will be leveraged  
14 with state bonds and another \$10 billion from developers in  
15 developer fees.

16           So that 35 billion has leveraged \$76 billion in  
17 local and private funds to rehabilitate the schools in the  
18 State of California.

19           So I don't know if any of the other members would  
20 like to add, but we also recognize that it's not the role of  
21 this body to pass legislation and so we're happy to answer  
22 any questions and what we ask is that the committee accept  
23 the report.

24           CHAIRPERSON ORTEGA: Any comments or questions  
25 from members?

1           SENATOR HANCOCK: Do we have to move to accept the  
2 report or can we just say we accept it?

3           CHAIRPERSON ORTEGA: I think it would just be an  
4 acceptance of the report.

5           SENATOR HANCOCK: Yeah. I just wanted to say that  
6 I think it's an incredibly thoughtful and well done report  
7 and to really commend the committee for doing it.

8           In some of the separate -- you know, some of the  
9 separate programs -- the special programs funding, I think  
10 that's an interesting way to put it. I think we should  
11 really look, though, at consolidating as many of them as we  
12 possibly can, i.e., you should seismically upgrade if you  
13 need to if you're doing modernization or new construction.  
14 And frankly, now that we have the new Green Code, schools  
15 are building to higher quality, but we could also require  
16 the high performing schools because that has some things  
17 that aren't in the Green Code or even in our new Energy  
18 Codes like windows that open which have been proved in  
19 testing to increase math and reading scores. You know,  
20 healthy -- really healthy schools.

21           ASSEMBLYMEMBER BUCHANAN: I'm smiling because  
22 whenever we met with architects in our school district, we  
23 would say we want windows that open.

24           SENATOR HANCOCK: And, you know, so that -- but  
25 all of those things would probably be better served -- some

1 of those very basic things about health and safety and  
2 saving money in the long run like energy efficiency would be  
3 best served if they were simply required when the state  
4 helps pay for something.

5 ASSEMBLYMEMBER BUCHANAN: And I don't necessarily  
6 disagree with you. We just felt some of those decisions  
7 were probably out of our --

8 SENATOR HANCOCK: No. You're --

9 ASSEMBLYMEMBER BUCHANAN: -- jurisdiction -- yeah.  
10 But -- yeah, I mean in seismic when we had the seismic  
11 committee, it's sort of like if the school is unsafe to be  
12 occupied, I mean to me you're talking about new  
13 construction. I'm not sure we should have all the separate  
14 parts.

15 SENATOR HANCOCK: No. I --

16 ASSEMBLYMEMBER BUCHANAN: Yeah.

17 SENATOR HANCOCK: Yes. I think that's right and I  
18 agree --

19 ASSEMBLYMEMBER BUCHANAN: So thank you.

20 SENATOR HANCOCK: -- with you too that what we're  
21 talking about is the need for legislation if and when a new  
22 bond comes forward.

23 CHAIRPERSON ORTEGA: Mr. Hagman.

24 ASSEMBLYMEMBER HAGMAN: Well, I just want to thank  
25 Ms. Buchanan for -- and the staff, frankly. I mean it's



1 been a year out of our life here for those who have served  
2 on the subcommittee. I don't know how many meetings or how  
3 many hours of study and discussions. Not that everything  
4 was black and white, but there's a lot of consensus built in  
5 for all those who participated. I mean the overall is that  
6 this program basically works and it's been working for a  
7 while.

8           There's minor tweaks we'd like to see to make sure  
9 that things are more equitable and fair as possible in the  
10 way it goes through and for perceived or real -- taken  
11 advantage of it or not, make sure those things are there.

12           But it was very comprehensive and, you know, for  
13 someone like myself who's a pretty fiscal conservative out  
14 there for state dollars, you know, it's something that  
15 really reinforced that this program is worthwhile to keep  
16 going in the future somehow and that it has done a lot of  
17 good and I think to have -- be a partnership with the school  
18 districts -- a true partner, that's exchange of information,  
19 it's trust in each other which I think the more steady this  
20 program goes, the more -- as well as the marriage over the  
21 last few years, I think that level of trust would be built  
22 up to the districts and the state departments where that  
23 information can be shared properly.

24           I think there's a lot of things we have to be  
25 looking at as a Legislature to make sure we're flexible

1 enough to handle the changes in the future. Like right now  
2 we're asking for common core, but we don't have the right  
3 data to know what that's going to take, to get people that  
4 can actually do all that.

5           So the built-in -- the data gathering systems is  
6 something we've been talking about for a long time so we can  
7 make educated decisions and educated choices both on this  
8 Board and the legislature coming up in the future.

9           But it was very well done. I'd like to thank --  
10 for including, Madam Chair, and Madam Sub-Chair for all the  
11 different days and I think you did an excellent job. Thank  
12 you.

13           ASSEMBLYMEMBER BUCHANAN: Thank you.

14           SENATOR LIU: Thank you. And I too wanted to just  
15 add my voice to thank the subcommittee for fine work and  
16 would be pleased to accept the report. I do know that the  
17 Governor's budget summary outlined a twist to the  
18 conversation about the future of school facilities funding,  
19 even questioned the role the state would play.

20           So I think this is ongoing dialogue and it will be  
21 an interesting place to be in the future here. So thank  
22 you. Thank you, Joan.

23           MS. MOORE: I just wanted to quickly also thank  
24 for the opportunity to participate in the discussion and  
25 compliment our Chair because of the tremendous amount of

1 information and the tremendous amount of input and  
2 compliment the staff on the report.

3 I also wanted to compliment -- we had a lot of  
4 testimony. We'll continue to have testimony I think on this  
5 issue. We've had two letters that we've received concerning  
6 it and wanted to thank the public for participating in the  
7 process. It was very transparent and public and it will go  
8 forward as a foundational document as the bond discussion  
9 goes on in the future. Thank you.

10 CHAIRPERSON ORTEGA: Thank you, Assemblymember  
11 Buchanan and the committee members.

12 ASSEMBLYMEMBER BUCHANAN: Thank you.

13 CHAIRPERSON ORTEGA: I want to also thank the  
14 staff and I do want to ask if there's any public comment on  
15 the -- yes, please.

16 MS. HANNAH: Good afternoon. I'm Jenny Hannah and  
17 I'm Vice Chair of CASH, Coalition for Adequate School  
18 Housing, and I'm from the Kern County Superintendent of  
19 Schools Office, so I represent a unique area that I  
20 sometimes definitely refer to as middle earth the State of  
21 California that is a, you know, very different area in terms  
22 of what our school districts are able to do locally to  
23 prepare for capital improvements, modernization, and  
24 preparing for growth of which my understanding is in the  
25 next ten years, we're to be a growth area for the state.

1           So a statewide school facility program is very  
2 important to us as I'm sure it is to a lot of districts in  
3 California but uniquely to the Central Valley and our school  
4 district. So I also want to thank the committee and Senator  
5 Buchanan for doing the heavy lifting on -- excuse me --  
6 Assemblymember Buchanan -- sorry.

7           ASSEMBLYMEMBER BUCHANAN: That's okay.

8           MS. HANNAH: I elevated you. Congratulations --  
9 for doing the heavy lifting on this work. We all know this  
10 is a complicated program and to go through it and to detail  
11 out as much as was done, especially with the -- for allowing  
12 us as school districts and folks to come forward and give  
13 you comments.

14           We know that we've been in agreement with you at  
15 times and in friendly disagreement with you at times and as  
16 Kathleen Moore mentioned, CASH did submit a letter in  
17 response to the report. We hope that you all have received  
18 that and we want to make sure that everyone has copies of  
19 that.

20           We've been here, we've dialogued with you. We  
21 want to continue to do that as a membership group. We think  
22 that's really important to keep the communication open.

23           We recognize that much of what we comment on and  
24 input about will impact this program and what the state will  
25 do about expenditures for a school facility program.

1           And what I want to leave you with is that our  
2 organization believes this to be one of the items that  
3 clearly needs more work and more discussion about grant  
4 development on the modernization or -- whatever we want to  
5 call it in terms of our older school facilities  
6 infrastructure.

7           Our schools and equity and all of the things that  
8 are tied up in providing good education for all of our kids  
9 in California will really be centered around what we do with  
10 a modernization program I believe in the state and I think  
11 that new construction is kind of a whole clean issue, a  
12 little easier to deal with and talk about how the state's  
13 match is going to be allocated on that.

14           The modernization or capital renewal program is  
15 going to be a little messier and it's going to take a lot of  
16 work and a lot of attention to what do we need to include in  
17 that program that has been left out in the current program  
18 because I think as our organization believes that the  
19 current grant does not adequately address our  
20 infrastructure. Thank you very much.

21           CHAIRPERSON ORTEGA: Thank you.

22           MR. KITAGAWA: Good evening. My name is Brandon  
23 Kitagawa and I'm with Regional Asthma Management &  
24 Prevention and we're part -- we work with the network of  
25 health and -- school and health equity stakeholders and have

1 been sort of reviewing the discussion around the program.

2           And we too would like to commend the subcommittee  
3 and the staff for spending over a year really exploring and  
4 examining the program.

5           I think these recommendations take several steps  
6 forward from a health and equity perspective and want to  
7 highlight -- we highlighted those in a letter that we  
8 submitted and just wanted to highlight them quickly here.

9           I mean most importantly we're really happy to see  
10 the subcommittee address the maintenance issue. I think  
11 that this investment in day-to-day maintenance is an issue  
12 for health and equity issues and its disassociation with  
13 construction and modernization money, you know, has played a  
14 part in unhealthy school facilities.

15           And so we're really happy to see this subcommittee  
16 recognize that and try to -- recommend connecting those  
17 funding sources.

18           Second, we really support the recommendation  
19 around eliminating funding for portable classrooms or  
20 incentivizing the replacement of portables with permanent  
21 structures. And while we'd like to have seen more  
22 recommendations around the assessment of conditions of  
23 school facilities, we're really supportive of doing basic  
24 school inventory that can really help evaluate the program  
25 in the future and assess future needs.

1           And like I said, overall we support the  
2 recommendations. We do think that there are a few places we  
3 could have pushed health and equity further. I think we  
4 were probably most disappointed in to not significantly  
5 discuss the current approach of funding on a first come,  
6 first serve basis. I think given the statement in the  
7 Governor's budget that it should be an issue that I imagine  
8 the Legislature will take up moving forward.

9           I think we were concerned that the recommendations  
10 on the Financial Hardship Program -- we just want to make  
11 sure that whatever -- it's sort of the devil's in the  
12 details. And so whatever actually comes out, you know,  
13 doesn't -- you know, that change would come at the cost of  
14 housing students and staff in facilities not really healthy  
15 for them.

16           And I think finally, I think while we understand  
17 that this Board isn't making recommendations on the size of  
18 a potential bond or anything like that, we would encourage a  
19 recommendation that the proportion that -- of that money  
20 that goes to modernization increase sort of reflecting  
21 projected change in enrollment growth.

22           So again we thank the subcommittee for all their  
23 work and we look forward to the process moving forward.

24           MR. OWEN: Good afternoon. My name is -- thank  
25 you for allowing me to take some time to speak. My name is

1 Glenn Owens. I'm a board member of the School Facilities  
2 Manufacturing Association and a recent board chair.

3 We also want to commend the subcommittee for the  
4 work that they went through. I myself attended many of the  
5 meetings. I attended meetings on behalf of SFMA with  
6 Assemblymember Buchanan, met with Assemblymember Hagman's  
7 staff. I really appreciated the openness and the  
8 opportunity to be a part of the dialogue. So that was quite  
9 good.

10 I want to reiterate the SFMA position. It was  
11 mentioned as one of the letters that came to the  
12 subcommittee in that we believe that -- and I think you as  
13 well believe that permanent modular construction is  
14 certainly a part of -- a positive part and a positive choice  
15 for school districts as part of future funding facilities.

16 Due to their design flexibility, the speed of the  
17 delivery, the inherent green construction methods, and the  
18 strict compliance to code, including the California Green  
19 Code, we think are extremely valuable and flexible options  
20 for school districts now and in the future.

21 We think they should be included as part of future  
22 funding consideration and available to the school districts.

23 The issue I think is what defines the difference  
24 between permanent modular and a portable building and I  
25 think that's somewhat of a gray area that needs continued



1 dialogue because we're not sure that -- you know, regardless  
2 of how many of each of their components are delivered to  
3 their site at once, they're still made under the same strict  
4 manufacturing guidelines and codes that are required.

5           So we appreciate the opportunity again to be a  
6 part of the dialogue and we thank you for the consideration.

7           CHAIRPERSON ORTEGA: Go ahead.

8           ASSEMBLYMEMBER BUCHANAN: I just -- as we draw to  
9 a close on this item, I also want to extend my deep  
10 appreciation to staff for all of its work. I have a binder  
11 that I've -- it doesn't include 2012, but of all the reports  
12 that you put together and they were very well done, very  
13 professional and the information you provided I think was  
14 just invaluable in helping us better understand the program  
15 and come to the conclusions that we did.

16           So I am very grateful for all the work you did and  
17 then to those who served on the subcommittee, Ms. Moore,  
18 Mr. Diaz, Mr. Almanza, Assemblymember Hagman, and  
19 Assemblymember Nazarian came to some of the later committees  
20 because he's new -- to the meetings because he's new, but  
21 it's pretty amazing that I think with exception of people  
22 being sick one or two days, even the meetings we had during  
23 the interims -- during the recess, everyone showed up and  
24 stayed for the whole meeting.

25           And a couple of them we had to start ten minutes

1 late because Mr. Hagman's plane got in late, but he made the  
2 effort to come up from Southern California so that everybody  
3 participated in very meeting. And I think ultimately you  
4 get better results and a deeper understanding and a better  
5 path to move forward when you have -- can have that kind of  
6 rich participation.

7           So it was very informative for me and again I  
8 appreciate all the work that everyone did and hopefully  
9 we'll have people agree with us that this is a great program  
10 and we need to find a way to ensure that it continues into  
11 the future.

12           CHAIRPERSON ORTEGA: Thank you. So with that, the  
13 report will be accepted and we'll move to Item 11 which is  
14 Lisa.

15           MS. SILVERMAN: I know it's getting late here, but  
16 I want just to give the Board an update. Again this is just  
17 a report, just a reflection of some of the activities that  
18 we -- the Board did accomplish in 2013, a good deal -- all  
19 the work that we did serve obviously associated with the  
20 Program Review Subcommittee. So thankful for that  
21 opportunity.

22           But again as far as the funding process, we have  
23 unfunded approvals and apportionments and the fact that we  
24 convert projects into cash and opportunities for the school  
25 districts, there's also that activity of some of the

1 closeouts, the rescissions that happen on the fiscal side of  
2 the shelf that also need -- duly noted. Those program funds  
3 do get referred back to provide additional funds to projects  
4 that are waiting on the waiting list.

5 But in total, out of the \$35 billion authorized to  
6 the voters, we are close to \$34 billion of funds being  
7 issued and over 1,100 projects have been -- received awards  
8 in this program. So again a significant amount of  
9 accomplishments in the program since 1998.

10 As far as Board meetings, I know we were on a  
11 standard month-to-month basis with some of our meetings, but  
12 some of those meetings we had to have -- they were  
13 abbreviated meetings as a result of the workload  
14 considerations and primarily if we got cash. When we had a  
15 bond sale, we had the opportunity to have -- put on the  
16 agendas and again that provided opportunities saving some of  
17 the members some time, also providing some quick  
18 opportunities to take action and award projects some cash.

19 As far as the appeals -- the summary of appeals  
20 that we had, 26 that were logged in in 2013, over half of  
21 them were dispensed administratively or withdrawn. And  
22 again that's an active role that we've been playing to try  
23 to resolve some of the issues before you.

24 And the chart of the funding process and the  
25 applications since the change in our process with the 90-day

1 filing requirements for -- to participate in a bond sale for  
2 the certification process, once the funds are released and  
3 awarded to a district, a district has three to four years to  
4 complete their project and once those three to four year  
5 timelines have been achieved where we've received a final  
6 expenditure report and a hundred percent of the activities  
7 have wrapped up, then again there is that ability to come  
8 back and review the project as a compliance mechanism.

9           But the accomplishments as stated on page 191,  
10 again the approvals the Board provided was nearly  
11 \$300 million for 2013. A significant amount of the activity  
12 related to the Overcrowded Relief Grant Program and the  
13 project funds that we had available.

14           Several seismic projects did go through with  
15 approvals, over 12 last year. So again trying to get some  
16 significant outreach and some opportunities to school  
17 districts in relation to those program funds.

18           And as far as the chart we have on 192, nearly  
19 over \$900 million were awarded the ability to access the  
20 cash. So quite a significant amount of projects moved over  
21 from the unfunded list and we had cash available for them.

22           And on page 193, again the significant amount of  
23 over \$1 billion awarded to projects when we had bond funds.  
24 So again that's great news. They actually did receive cash  
25 in their hands.

1           And as far as the closeout and the rescissions  
2 that we have noted, nearly 25 billion -- or over  
3 25 million -- I apologize not billion -- \$25 million were --  
4 reverted back to the program fund. So again that gives us  
5 the ability to knock off some of those projects on that true  
6 unfunded list and move those over to unfunded approvals.

7           As far as the policy meetings, we had nine policy  
8 meetings related to the Program Review Subcommittee, 31  
9 items that we published at an aggressive pace towards the  
10 end. Push the gas pedal and we had to move. So it was  
11 great.

12           And we had three regulations that were approved by  
13 the Board. A couple more charts we wanted to share as far  
14 as the true projects that had an unfunded approval, we had  
15 processed nearly \$420 million.

16           And as I shared with you today in the financials,  
17 we have that new chart, how we are migrating some of those  
18 projects off the list. And so those folks that are on the  
19 true unfunded list, this is a reflection of those -- that  
20 workload, but we also wanted to share with you the stat on  
21 page 196.

22           These are the applications that we can't process.  
23 The Board did take a position of not to process  
24 applications, but we do have an acknowledge list of those  
25 projects and so -- and these are just estimates, projects

1 worth a value of \$335 million in both the new construction  
2 and modernization area and then we have some nice  
3 illustrations and attachments that show you the distribution  
4 of program funds by county and the enrollment associated  
5 with that.

6 And with that, I'll open up to any questions.

7 CHAIRPERSON ORTEGA: Any questions?

8 ASSEMBLYMEMBER HAGMAN: Madam Chair -- and maybe  
9 the staff can answer this too. I was just kind of thinking  
10 about this as we wind down the bond funds. If I'm correct,  
11 doesn't the administration take its -- it gets funded out of  
12 the bond proceeds; correct?

13 MS. SILVERMAN: Right.

14 ASSEMBLYMEMBER HAGMAN: Okay. So I think this  
15 logistically -- if we stopped -- if we ran out of money  
16 today and have all the stuff in the queue, you probably have  
17 four or five years' worth of follow-up administrative work  
18 at the bare minimum to close out the fiscal stewards of  
19 those projects --

20 MS. SILVERMAN: Yes. Beyond that, yes.

21 ASSEMBLYMEMBER HAGMAN: So I'm going -- I know we  
22 do -- yeah, we do our budgets every year and without -- I'm  
23 just kind of thinking this through. If we don't get a new  
24 bond funded, is the administration socking the money away or  
25 is that something we should be thinking about now because if

1 we don't -- we can't spend any money, then have nobody  
2 watching the till --

3 CHAIRPERSON ORTEGA: Sure. I think it's a  
4 legitimate issue to start thinking about as we have the  
5 conversation throughout the year about the future of the  
6 program, but I think the specifics of how that would be  
7 handled would be proposed in a future budget.

8 ASSEMBLYMEMBER HAGMAN: Well, if we ran out this  
9 year, it should be in probably this budget or at least among  
10 the Board members, we should carve out a certain set of  
11 money at the bare minimum, just a stopgap, to keep the  
12 follow-up process going.

13 If so, we need to give that direction to our staff  
14 not to allocate past that amount unless you plan to replace  
15 it somehow or with general funds which I never -- don't  
16 think this Governor's going to do.

17 So I think at least we should figure out where  
18 that pot of money should be coming from out of the different  
19 bond funds, what that limit would be at the, you know,  
20 maximum, whatever you want to look at it.

21 If we were to stop today funding new projects, how  
22 long would that go and then only allocate up to that limit,  
23 but that should be established before we down to zero, zero,  
24 zero in all the tanks to make sure that our fiscal stewards  
25 can follow these projects over a period of time.

1 MS. MOORE: To my knowledge, what the process has  
2 been in the past is that the State Allocation Board approves  
3 the budget and then it goes into the budget process and  
4 we -- the last action we took was over a three-year period  
5 funding through '14-'15.

6 ASSEMBLYMEMBER HAGMAN: I think the Governor takes  
7 a whack at it too.

8 MS. SILVERMAN: The Governor proposes a set-aside  
9 for the budget and the Budget Act as proposed did conform  
10 with the Board's action that it took a few years ago, so I  
11 think the allocation set aside for the '14-'15 budget does  
12 coincide with the action that Board will take.

13 ASSEMBLYMEMBER HAGMAN: But we're taking a  
14 one-year look at it each time we do a budget on our side --  
15 the state budget.

16 CHAIRPERSON ORTEGA: Right.

17 ASSEMBLYMEMBER HAGMAN: What I'm saying is if  
18 he'll project it unless we really drag this out, at the end  
19 of this year, our funds will be practically gone, at least  
20 obligated.

21 I'm talking about '15, '16, '17, '18, '19, '20,  
22 whatever it takes to complete their administrative duties,  
23 at least we should not allocate past that minimum amount if  
24 it's coming out of the same source we're funding people out  
25 of. And that I don't know. That's what I'm hoping that --



1 you guys and the budget people to start looking at it.

2 CHAIRPERSON ORTEGA: Yeah. Do we know -- I think  
3 a large part of this conversation is more appropriate for  
4 the Budget Subcommittee, but I think we will certainly --

5 ASSEMBLYMEMBER HAGMAN: Yeah, because it won't be  
6 one year allocation, is be a freeze on multiple years --  
7 okay. Thank you.

8 MS. SILVERMAN: Okay.

9 CHAIRPERSON ORTEGA: Go ahead. Next time.

10 MS. SILVERMAN: Is the **joint-use update**. We have  
11 been producing quarterly reports just to provide an update  
12 of some of the funds that we've disbursed in the joint-use  
13 area and again we still have one project that still is --  
14 have cash set aside for them and the ability to access the  
15 cash is there.

16 And so we're waiting for one project, Santee, and  
17 they have until December to come in for -- to activate the  
18 cash.

19 So we're -- we have been -- have regular  
20 communications with them and they're giving us some  
21 reassurances that they're going to come in.

22 And the next is the **workload**. We have the  
23 workload projection for the next three months and we also  
24 have the 90-day -- so if we have any questions.

25 CHAIRPERSON ORTEGA: Any questions from the Board

1 members? Any other public comment? Okay. I think that's  
2 it. We will stand adjourned. Thank you, everyone.

3 (Whereupon, at 5:38 p.m. the proceedings were  
4 adjourned.)

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